



Where Should Canadians Be Investing \$5,000 Today?

Description

The past three months have treated the bulls very well. It's been an incredible run for the Canadian market since hitting the low of the year on March 23. Since that March 23 low, the **S&P/TSX Composite Index** has run up by almost 40% in just three months.

What's possibly even more astonishing is the fact that the market is still down year to date even after a 40% run. The market suffered a 35% drop in just over one month from mid-February to the end of March. Year to date, the Canadian market is now down by roughly 10%.

After a run-up like we've seen over the past three months, many investors are wondering whether now is the right time to enter the market. The market surely needs to cool off sometime soon, right? Not even Warren Buffett can time the market, so you shouldn't be trying to either. If you're a Foolish investor, what you should be focusing on is buying solid market-leading companies and holding for the long term.

For the Foolish investors out there, I've covered two top Canadian tech stocks and explained why they're on my watch list today. Both companies have had great years so far, and there is still plenty to be bullish about on the future of each.

Enghouse Systems Limited

Enghouse Systems ([TSX:ENGH](#)) is in the business of developing enterprise-level software solutions. This is most likely why the \$4 billion company is not a household name among Canadian investors.

The stock has performed exceptionally well this year now at a gain of 40% year to date. Part of the strong performance is due to three major areas of specialization. The tech company provides enterprise-level software solutions for remote work, visual computing, and telecommunications networks.

The tech company has also implemented an aggressive acquisition strategy to help accelerate revenue growth. A recent acquisition of Vidyo, Inc. was made to help the [company's telemedicine clients](#) improve response time during this pandemic. This is just one more reason to be bullish on the company in a post-COVID-19 world.

Absolute Software

While this tech company might be much smaller than Enghouse Systems, it's had an equally impressive year so far. The \$500 million company has seen its stock price grow more than 50% year to date.

Absolute Software (TSX:ABT) is also likely to see an increase in demand as many workers have been working from home for the last couple of months. The Vancouver-based company provides cloud-based endpoint visibility and cybersecurity of computing devices, applications, and data. The company mainly provides solutions for enterprise-level and public sector organizations.

The cybersecurity industry is projected to grow at an annual rate of 12% over the next seven years. Absolute Software is [very well positioned in the cybersecurity industry](#) to continue to serve its clients and capture more market share.

In addition to the growth that investors can expect from this company, this stock pays out a decent sized dividend as well. The dividend pays shareholders \$0.32 per year, which is equivalent to a yield of 2.4% at today's stock price.

Foolish bottom line

While these companies may not be household names, that shouldn't prevent investors from owning shares. Due to mainly servicing enterprise-level customers, neither company receives the type of spotlight that other consumer-facing tech companies in Canada receive.

Both companies are up big-time year to date, and as the world continues to adjust to living with this COVID-19 virus, the demand for its products and services should continue to increase.

I'm not an owner of either company yet, but they are both definitely on my watch list today.

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1. Investing
2. Tech Stocks

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2. TSX:ENGH (Enghouse Systems Ltd.)

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Author

ndobroruka

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